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GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
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JOHNNY B. BRADBERRY
SECRETARY

225-379-1200

May 17, 2006

Louisiana Department of Natural Resources
Coastal Restoration Division
617 North 3rd Street, 10th Floor
Baton Rouge, LA 70804-4027
ATTN: Greg Grandy

RE: **LA 1 Improvement Project**
Application for CIAP Funds

Dear Mr. Grandy,

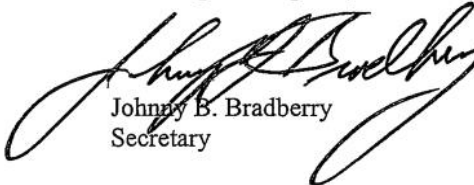
Please find enclosed the project nomination submittal for Coastal Impact Assistance Program funding for a portion of the LA 1 Improvement Project. As stated in the nomination document, the LA DOTD has embarked on a very ambitious project to provide a reliable means of access to Port Fourchon and Grand Isle. We have been able to identify a majority of the funding for the project, but due to the effects of high construction costs resulting from the rise in materials and labor, we find ourselves approximately \$90 million short.

The impact to coastal Louisiana as a result of the oil and gas industry activity over the years has not only been seen in the loss of wetlands and coastal marshes, but it has impacted the infrastructure that supports coastal communities and ports. Specifically, LA 1 has been impacted by the heavy truck traffic that must get to and from Port Fourchon on a daily basis as well as the subsidence and exposure to the gulf as a result of the loss of the barrier islands and coastal marshes.

We believe strongly that the intent of the CIAP fund does encompass infrastructure projects such as the LA 1 Improvement Project and ask for favorable consideration.

Please feel free to contact me, Michael Bridges, Undersecretary (379-1270) or David Miller, Project Manager (379-1309) should you have any questions.

With Highest Regards,


Johnny B. Bradberry
Secretary

Attachment

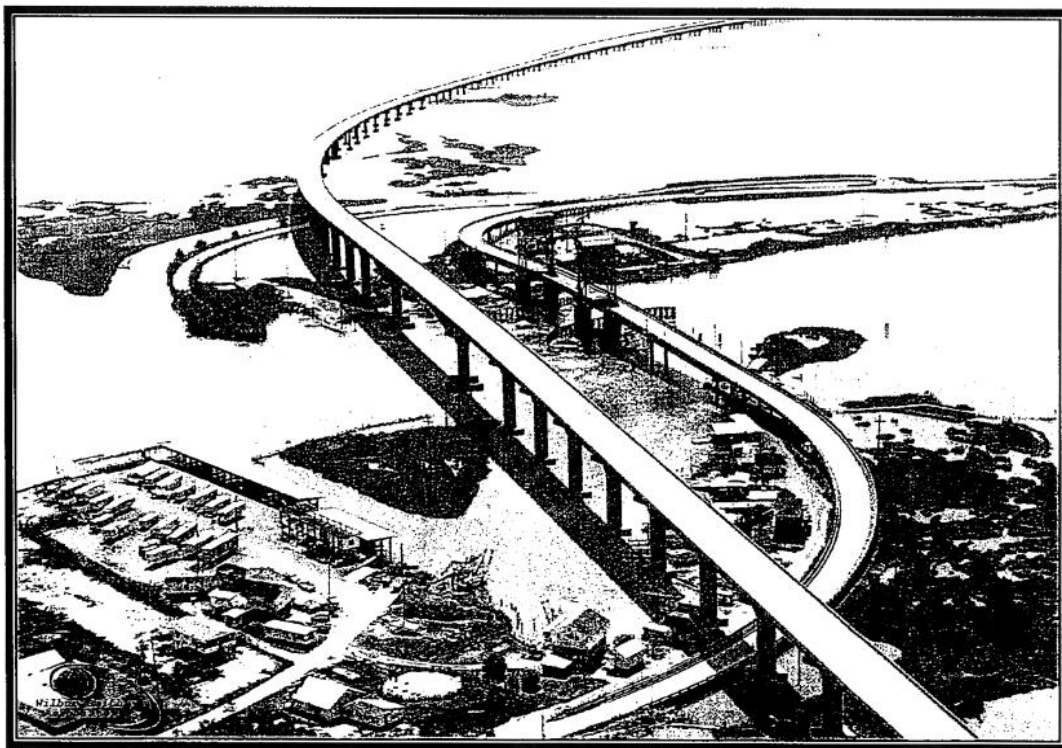
C: Secretary Scott Angelle
David Miller

Coastal Impact Assistance Program Application

LA 1 Improvement Project

Submitted by:
Louisiana State Department of
Transportation & Development

May 22, 2006



1. Project Title: La 1 Fourchon to Leesville Bridge (Phase IA)
2. Entity/Individual nominating the project: Louisiana Department of Transportation and Development
3. Contact Information (Name, Address, Telephone, Email): Johnny Bradberry, 1201 Capitol Access Rd., Baton Rouge, La. 70804-9245, (225) 379-1200, jbradberry@dotd.louisiana.gov
4. Total CIAP Funds Requested: We are requesting the amount of shortfall on the project which is \$90,528,000. The total cost of this project (Phase IA) is estimated at \$144,400,000.
5. Infrastructure Funds Proposed: We are requesting the amount of shortfall on the project which is \$90,528,000. The total cost of this project (Phase IA) is estimated at \$144,400,000.
6. Description and Location of Project: This project is located 60 miles south of New Orleans in lower Lafourche Parish between Leesville and Port Fourchon. It will construct a 5 miles long, two-lane elevated highway (2-12 ft. lanes and 2-8 ft. shoulders). The Phase IA project connects to the Phase IB and Phase IC projects (in Leesville) by relocating La 1 on a new alignment. This project is designed for a 100 year life cycle and therefore incorporates many unique design features.
7. Project Type (from list below of authorized CIAP fund uses): This project will mitigate the impacts of OCS activities by providing the public and offshore industry with safe access to Port Fourchon and Grand Isle. Port Fourchon, this nation's fastest growing port, has state of the art intermodal facilities that support over 75% of the offshore oil and gas industry in the Gulf of Mexico. The Port of Grand Isle also supports the shelf oil and gas industry. Both ports also support the seafood industry, which typically rank in the top ten in the United States.
8. Project Justification: The new project will mitigate the effects of flooding and erosion caused by hurricanes and tropical storms by allowing immediate access to Port Fourchon and Grand Isle. Subsidence has also contributed to the flooding of existing La 1 rendering the highway impassable even during minor storm events. Because of the ports ties to the Gulf of Mexico, the percentage of truck traffic is unusually high (36.9%). The existing winding highway, coupled with the high percentage of trucks, has caused La 1 to have an abnormally high accident rate.

Many unique design features have been incorporated into this project giving it a 100 year life cycle. The new highway is elevated above the 500 year storm event (22.5 ft.) and is designed to withstand extreme wind and wave forces. It has also been designed to withstand scour and collisions from marine vessels. Equally important is the implementation of current highway and safety standards on this federal high priority corridor.
9. Project cost share (Types and amounts of non-CIAP funds proposed, if any): There are three non- CIAP funding sources available for this project; \$24,000,000 of Federal Formula (advanced construction) funds, \$25,872,000 of Federal Earmark (SAFETEA-LU) and \$4,000,000 of State match funds for a total of \$53,872,000.

La 1 (Phase IA) is the project we are seeking funds for. This project has a Record of Decision on an Environmental Impact Statement completed in February of 2003. Also plans, proposals, utility agreements, permits and all Right-of-Way have been complete since January 2006. This project is complete and ready to be let to bid.

A Federal Highway Administration EIS explored the alternative of the retrofitting (raising) the existing highway and in a May 2004 Record of Decision deemed the elevated highway alternative as the only cost effective and safe solution. Many alternatives were studied and the most cost effective alternatives have been included in the plans and proposals.

The La 1 Improvement Project will secure connectivity between U.S. Highway 90 and Port Fourchon, America's busiest intermodal energy port, located in Lafourche Parish. In December of 2001 La 1 was identified as a **High Priority Corridor** by the U.S. Congress for its role as critical energy infrastructure. Current Offshore Continental Shelf oil and gas activity has had a negative impact on LA 1 including congestion and deterioration which has adversely affected the quality of life for the community. This significant impact warrants an appropriate, substantial mitigation measure, such as the Louisiana DOTD designed La 1 Improvement Project, funded by federal energy funds.

The Federal Minerals Management Service clearly identified La 1 as a "**focal point of stress**" in the Final Environmental Impact Statement for Gulf of Mexico Oil and Gas Lease Sales 169, 172, 175, 178, and 182 (MMS 97-0033). Page IV-251 states "Testimony presented at a public hearing for the Central Gulf of Mexico multisale in Houma, Louisiana, on June 23, 1997, and comment letters received from parish and public officials highlighted the strain on infrastructure (particularly Highway 1 and water supplies) associated with activity at Port Fourchon, Louisiana." An additional MMS funded study published in 2001 further documents the strain La 1 will be under as offshore oil and gas activities expand. Entitled *Lafourche Parish and Port Fourchon, Louisiana: Effects of the Outer Continental Shelf Petroleum Industry on the Economy and Public Services, Part 1* (MMS 2001-019), page 40 states "the ability of La 1 to provide adequate level of services needed to support expanding offshore oil-and-gas activities will become increasingly strained. The study also suggests that deterioration of La 1 will also be exacerbated with expanding oil and gas activities." The stress on this highway system was compounded by the hurricanes of 2005. Ports to the east and west were devastated by these storms and much of their work loads have moved to Port Fourchon. Already more than twice as deadly as the average road in its class, La 1 South of Golden Meadow, has experienced double digit increases in traffic since the storms, and in March 2006 alone, experienced three fatalities from two accidents that involved passenger vehicles colliding into trucks carrying goods to support the OCS.

Supporting the La 1 Improvement Project with CIAP funds is sound, progressive national energy policy. With a design life of 100+ years, the project will provide sustainable, dependable access to the deepwater Gulf of Mexico, the only expanding area of domestic production in this country. Critical to the nation, it will reduce the vulnerability to potentially catastrophic energy shortages that would result from tropical systems washing the existing road out. Port Fourchon's critical role in the Gulf's ability to resume energy production is unquestioned and was elevated to a national priority immediately after the Hurricanes of 2005. The road provides access to service facilities that support 16-18 percent of the U.S. total oil supply, both domestic and foreign. The nation's only offshore oil port, LOOP (Louisiana Offshore Oil Port), situated just 18 miles south of Port Fourchon is also dependent upon LA1 for support services. LOOP offloads and stores about 1.2 million barrels per day of imported crude oil – approximately 14 percent of the nation's

imported water borne crude oil. LOOP also handles about 300,000 barrels per day of domestic OCS crude oil and is expected to continue increasing its role in accommodating domestic production. A testament to its ability to play even a larger role in future OCS production is the recent completion of six 500,000 barrel tanks in Galliano and a planned \$300M addition of another pipeline from Fourchon to Galliano. La 1 is a vital link to LOOP's Fourchon Booster Pump Station and to LOOP's Harbor at Port Fourchon which is a support and staging area for LOOP's offshore facilities. It is the only U.S. deepwater port capable of offloading VLCCs (Very Large Crude Carriers) and ULCCs (Ultra Large Crude Carriers). LOOP is connected via pipeline to approximately 50 percent of the nation's refining capacity.

Positive environmental benefits to the region would be realized through the implementation of the La 1 Improvement Project. La 1 is the **sole emergency environmental response route** for Port Fourchon and Grand Isle, which in addition to their tremendous energy significance, is extremely important for access to and support of commercial and recreational fishing as well as a growing eco-tourism industry. The Louisiana Oil Spill Coordinator has identified La 1 as the most critical highway for oil spill response in this state. Another tremendous benefit that the La 1 project will provide to our state is its long-term effort to rebuild our wetlands and reliable access to the coast. Port Fourchon and Grand Isle will play a major role in supporting this state's future coastal restoration efforts and will most likely be the support bases for Barrier Island restoration as well as offshore pipeline transfer of sediment for both the Eastern Terrebonne and Barataria Basins.

In addition to the aforementioned life safety, ecological/restoration and commercial benefits to funding the La 1 Improvement Project, the road also serves as the sole evacuation route for upwards of 30,000 thousand people, including 8,000 offshore workers flown in from OCS facilities. An elevated dependable evacuation route would be invaluable as it would save lives and lower losses of personal property. The road is designed to clear high water storm surges (Category 5 Hurricane), and will provide immediate post-storm access to Port Fourchon and Grand Isle. This will allow emergency response services such as law enforcement, fire responders, public health officials, and debris clearance personnel to gain immediate access. As an added regional economic benefit, an elevated La 1 will continue to serve as the only land route between two of this nation's most productive estuaries; the Barataria and Terrebonne basins. It is estimated that 70 percent of the state's total value for commercial seafood landings is derived from the Barataria and Terrebonne systems.

MMS is today planning a substantial expansion of lease programs in the Central and Western Areas of the Gulf of Mexico and it is predicted that the Deepwater Gulf of Mexico will produce 80% of the Gulf's oil by 2010. It is Port Fourchon's unique position on the Gulf which will continue to provide the greatest efficiency for the oil and gas industry to service these new OCS developments. There is reasonable certainty that the benefits resulting from the implementation of the La 1 Improvement Project will be substantial, very diverse and sustainable over the long term, both to our state and to our nation.